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**Readers Guide**

**What is an Economy? Ch. 13 p.350-369**

**Part I – Vocabulary**

**\_\_\_\_\_\_\_\_\_\_\_\_\_**1) The time, energy, knowledge, and skills of a people used in production

**\_\_\_\_\_\_\_\_\_\_\_\_\_** 2) The natural resources needed in the production process

**\_\_\_\_\_\_\_\_\_\_\_\_\_**3) Anything produced in the economy that is then used to produce additional items

**\_\_\_\_\_\_\_\_\_\_\_\_\_**4) Process by which goods and services are brought to places where they can be purchased

**\_\_\_\_\_\_\_\_\_\_\_\_\_**5) The act of buying or using goods and services

**\_\_\_\_\_\_\_\_\_\_\_\_\_**6)People who combine resources to create goods and services that people want

**\_\_\_\_\_\_\_\_\_\_\_\_\_**7) The highest value benefit given up when a choice is made

**\_\_\_\_\_\_\_\_\_\_\_\_\_**8) Resources are always limited when compared to the variety and number of wants

**\_\_\_\_\_\_\_\_\_\_\_\_\_**9) Applying science to business and industry

**\_\_\_\_\_\_\_\_\_\_\_\_\_**10) basic economic decisions are made according to long-established patterns of behavior

**\_\_\_\_\_\_\_\_\_\_\_\_\_**11) System where government controls the factors of production and answers the basic economic questions

**\_\_\_\_\_\_\_\_\_\_\_\_\_**12) System where private individuals own the factors of production and are free to answer the basic economic questions for themselves

**\_\_\_\_\_\_\_\_\_\_\_\_\_**13) Someone who combines land, labor, and capital (factors of prod.) to produce new goods and services

**\_\_\_\_\_\_\_\_\_\_\_\_\_**14) The difference between the cost of production and the revenue (money) received from consumers

**\_\_\_\_\_\_\_\_\_\_\_\_\_**15) The fact that people who live in a market system are free to make economic decisions, such as starting businesses, without government interference

**\_\_\_\_\_\_\_\_\_\_\_\_\_**16) A economic system that combines parts of the traditional, market and/or command systems

**Part II. Short Answer**

17. What are (2) factors that influence what our wants are?

18. What do we call the resources people have for making goods and services?

19. What are (2) examples of a renewable resource?

20. Why do you think renewable resources are called “renewable”?

21. What two forms does “capital” in the factors of production take?

22. What U.S. industry exported almost $69 billion worth of its products in 2006?

23. Given that there are not enough resources to meet everyone’s wants, what two factors must be considered when making a economic choice?

24. What are the (3) most basic economic decisions that must be made?

25. How did Cyrus McCormick’s “Virginia reaper” change agricultural production?

26. What was a good example of a command economy from the 20th century?

27. What determines whether or not a command economy works fairly?

28. In a market system, what determines the answers to the basic economic questions?